



OLR RESEARCH REPORT

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CHANGING THE DESIGNATION OF UCHC PROPERTY FOR PILOT PURPOSES

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As a follow-up to OLR Report [2012-R-0336](#), you asked (1) what action the legislature would need to take to change the designation of the University of Connecticut Health Center's (UCHC) property for payment in lieu of taxes (PILOT) purposes so that rather than state-owned property, it qualifies as private college and hospital property and (2) for the implications of making this change.

In order to change the designation of the UCHC's property for PILOT purposes, the legislature would need to amend the statutes to include UCHC property in the types of property eligible for a private college and nonprofit hospital PILOT (CGS §§ [12-20a](#) and [12-20b](#)). Legislation could be introduced to make this change. The Appropriations or Finance, Revenue and Bonding committees are appropriate places for the bill to be proposed or raised.

Changing the designation of UCHC property would have ripple effects for other towns receiving PILOT grants. By law, the reimbursement percentage for PILOTs depends on the category of exempt property. The reimbursement rate is 77% for most private college and hospital property and 45% for state-owned property, with certain exceptions. (The attached OLR Report ([2006-R-0340](#)) describes these statutory reimbursement rates in detail.)

Although the law sets a reimbursement rate for each type of property, it requires the payments to be proportionately reduced if the state appropriation for the grants is not enough to pay the full amount to every town. FY 13 PILOT grants are subject to these pro rata reductions because the appropriation is insufficient to fully fund the statutory reimbursements. Thus, if the town of Farmington were to qualify for a college and hospital PILOT for the UCHC than it currently receives under the state-owned property PILOT program, it would presumably receive a higher grant amount for the property. But the college and hospital PILOT payments to other qualifying towns would be proportionately reduced. Alternatively, the payments to towns for state-owned property would be proportionately increased.

RP:ro